



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

EPA Region 5 Records Ctr.



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FEB 28 2008

REPLY TO THE ATTENTION OF

R-19J

The Honorable Mark Kirk
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Kirk:

In response to a request made on your behalf by Andria Hoffman of your staff, I am providing you with the approximate expenditures that the United States and other parties have made on cleanup efforts at the Outboard Marine Corporation (OMC) Superfund site, Waukegan, Illinois. Ms. Hoffman contacted my staff following your receipt of my February 5, 2008, letter, in which I described the enforcement cost totals that the United States has incurred at the OMC site to date.

In total, the United States and others to date have spent an estimated \$37-39 million on cleanup activities at the OMC site. Due to the nature and extent of contamination at the OMC site, the U.S. Environmental Protection Agency divided the site into four portions, termed operable units (OU), for ease of addressing human health and environmental risks posed by various contaminants. EPA projects that we will spend additional, yet-to-be-determined amounts on cleanup efforts at the OMC site once we have selected the final remedial action approaches for several of the OUs. I have broken out the separate cost amounts spent on the OMC site cleanup efforts by EPA and others below:

Operable Unit #1: Waukegan Harbor

OMC agreed to clean up polychlorinated biphenyl (PCB) contamination in the northern Waukegan Harbor area under a 1988 consent decree with EPA. Under the decree, OMC placed \$21 million into a trust fund and the trustee used the money to pay the costs of the 1990-1993 harbor cleanup action. Afterwards, OMC also funded the trust to pay for yearly operation and maintenance costs of the resulting PCB containment cells (please see OU #3, below).

As I described in my previous letter, in 2000, EPA's Superfund program had about \$1 million in unpaid oversight costs and other expenses incurred at the OMC site from 1981 through 1999. This sum represented both litigation costs to compel OMC to comply with our original harbor cleanup plan and costs spent to oversee the cleanup work that was completed. Since we estimated that half of that amount, or about \$500,000, was spent to support litigation at the site, the other half would represent site

characterization and oversight costs that EPA had spent towards cleaning up the harbor.

EPA also spent about \$1 million on investigative and design work for the Waukegan Harbor site while trying to craft an agreement to clean up the harbor under the Great Lakes Legacy Act during 2003-2007.

EPA began a Superfund remedial investigation and feasibility study (RI/FS) at the Waukegan Harbor site in September 2007 at an estimated cost of \$200,000. Once a remedial action (RA) is selected for the harbor, EPA will complete a remedial design (RD) and then implement the selected cleanup action. While EPA's estimated RD and RA costs are yet-to-be-determined, please note that under Superfund law the State of Illinois will be required to pay 10 percent of the costs of the harbor cleanup action since OMC is no longer a viable party.

Total OU #1 cleanup costs incurred to date are approximately \$22.7 million, with future cleanup costs yet-to-be-determined.

Operable Unit #2: Waukegan Coke Plant

The Waukegan Coke Plant (WCP) site was discovered during the initial harbor cleanup action by OMC in 1990. Because OMC owned the property at the time, the WCP site was designated as OU #2 of the OMC site. However, EPA determined that General Motors Corporation (GM), North Shore Gas Company (NSG), and the Elgin, Joliet, and Eastern Railway Company (EJ&E) were potentially responsible parties, as well as OMC as the current site owner at the site. Consequently, NSG performed a RI/FS at the site from 1990-1999. EPA does not have a direct accounting of the costs spent by NSG to complete the RI/FS, but, based on our experience, we conservatively estimate that NSG spent approximately \$500,000 to \$1 million on the RI/FS during this time period. The three parties, GM, NSG, and EJ&E, further spent an estimated \$500,000 to \$1 million to perform pilot-scale cleanup tests at the site from 1999-2004, and an estimated \$500,000 to \$1 million to complete the remedial design for the EPA-selected soil and groundwater cleanup actions at the site. EPA spent about \$250,000 during this time period to oversee the investigatory work and we were reimbursed by the parties for these costs.

EPA and the parties entered into a consent decree in 2004 under which the parties would spend an estimated \$27 million to clean up the soil and groundwater at the WCP site. The soil work (\$6 million) was completed in late 2005 and the groundwater work (\$21 million) is scheduled to begin this summer. Under the decree, EPA will not bill the parties for reimbursement of our first \$1.35 million in oversight costs for this work. This represents a 5 percent "orphan share" of the final site cleanup costs due to the bankruptcy of OMC. To date (October 2004-October 2007), EPA has incurred about \$400,000 in oversight costs for the soil and groundwater cleanup work.

Total OU #2 cleanup costs incurred to date are approximately \$8.5-10 million, with about \$21 million remaining to be spent by the three parties to complete the groundwater work in accordance with the 2004 consent decree. EPA will incur additional oversight costs for the groundwater cleanup work until we reach the \$1.35 million cost ceiling in the 2004 consent decree, after which the parties will reimburse us for any oversight costs that exceed the ceiling.

Operable Unit #3: PCB Containment Cells

OMC created three PCB containment cells on its Waukegan properties after it cleaned up the harbor in 1990-1993. EPA noted in our second Five-Year Review Report for the OMC site that OMC had spent about \$90,000 to operate and maintain the PCB containment cells from 1998 to 2001. At an average annual rate of \$30,000, OMC would have spent an estimated \$150,000 to operate and maintain the PCB containment cells during the 1993-1998 time period.

EPA assumed operation and maintenance duties of the PCB containment cells in December 2002 when the Bankruptcy Court allowed the Bankruptcy Trustee to abandon OMC's unsold Waukegan properties. EPA operated and maintained the PCB containment cells for one year. The State of Illinois then assumed responsibility to operate and maintain the cells until 2005 when the City of Waukegan began to operate and maintain them under a consent agreement with EPA. Assuming an average operation and maintenance cost of about \$25,000-30,000 per year from 2002 to present, the total operation and maintenance costs from 2002-present are estimated to be about \$160,000. Future costs would be similar unless catastrophic failure of a cell occurs.

Total OU #3 cleanup costs to date are approximately \$400,000, with future cleanup costs yet-to-be-determined.

Operable Unit #4: OMC Plant 2

As I described in my previous letter, from January 1, 2000 to October 31, 2007, EPA incurred a total of \$7.86 million in response costs at the OMC site, of which about \$2.92 million has been reimbursed from the OMC bankruptcy estate. Most of the \$7.86 million was spent on response costs at the OMC Plant 2 portion of the site. About \$2.2 million of these costs include contractor charges and other costs we have counted as enforcement-related costs at the OMC Plant 2 facility, leaving a total of about \$5.7 million in cleanup costs to date. Some of the work includes the pilot-scale testing of groundwater cleanup methods and the conduct of several removal actions and a RI/FS at the site.

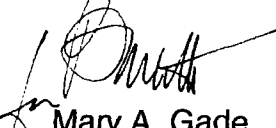
Future OU #4 cleanup costs include the estimated \$21 million for demolition and disposal of the OMC Plant 2 facility and cleanup of PCB-impacted soil and sediment as described in our September 2007 Record of Decision. In addition, EPA anticipates future costs associated with completing the RD and subsequently constructing the EPA-

selected groundwater cleanup action at OMC Plant 2. EPA may also incur yet-to-be-determined costs for yearly operation and maintenance of the remedial actions at the site. Again, the State of Illinois would need to pay 10 percent of the future remedial action costs at the OMC Plant 2 site because OMC is no longer viable.

Total OU #4 cleanup costs to date are approximately \$5.7 million, with future cleanup costs yet-to-be-determined.

Thank you again for your continued interest in the cleanup of the OMC site and of Waukegan Harbor in particular. Please contact me if you have any further questions about the Superfund process or your staff may contact Mary Canavan or Ronna Beckmann, the Region 5 Congressional Liaisons, at 312-886-3000.

Sincerely,



Mary A. Gade
Regional Administrator